GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:19
ANSWERED ON:26.02.2007
PROBLEMS FACED BY FERTILIZER INDUSTRY
Annayyagari Shri Sai Prathap

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Fertilizer Industry is facing many problems such as lack of domestic and foreign investments, either withdrawn or kept onhold and with no fresh production capacity added for over seven years ;

(b) if so, the details thereof; and :

(c) the steps taken/proposed to be taken to meet the situation ?

Answer

THE MINISTER OF STATE IN THE CHEMICALS & FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE)

(a) to (c): There has been no substantial investments in the fertilizer industry for addition of fresh production capacity during the last seven years. The Department has announced a policy for new and expansion projects in the urea sector on 29.01.2004. Another policy for debottlenecking/modernisation/revamp of existing urea units in the country was also announced on 29.01.2004.

In light of lack of investments in the fertilizer sector, the Government has done away with the concept of debottlenecking under the New Pricing Scheme Stage-III, which is being implemented w.e.f. 1st October, 2006. Under NPS-III, the additional production from the existing units has been incentivised and the condition for prior Government approval for increase in production beyond 100% has been completely done away with.Further, the review of existing policy for new and expansion projects is also under consideration.